

**MEETING OF THE SOUTH CAROLINA  
STIMULUS OVERSIGHT, ACCOUNTABILITY AND COORDINATION  
TASK FORCE  
Room 504 – Blatt Building  
July 30, 2009**

**I. Call to Order and Adoption of Proposed Agenda:**

- Meeting was called to order by Comptroller General Richard Eckstrom.
- Agenda stands as submitted.

**II. Introduction of Co-Chair Converse A. Chellis, III**

Comptroller Eckstrom welcomed Treasurer Converse Chellis as Co-Chair of the Stimulus Oversight, Accountability and Coordination Task Force. Under the Executive Order,

- Treasurer's Office will oversee reporting and auditing.
- Comptroller's Office will oversee accounting and public disclosure.

Comptroller Eckstrom also introduced his new Chief of Staff, Jim Holly.

**Rich Gilbert wanted to clarify two points in the minutes of the previous meeting:**

Page 3 under Resource Information – Bullet 5 should be:

Auditor's Office role will be to perform a post audit function and will audit after the money is spent.

Page 4, middle of page – Bullet 4, as stated below, should be moved under Task Force comments to the Audit/Verification Working Group Report:

Information should be communicated not only to Task Force agencies, but also to all other agencies that will be receiving ARRA funds that are not a part of the of the Task Force.

**III. Approval of Minutes of Previous Meeting**

Minutes of the meeting of June 25, 2009 were approved with the foregoing revisions.

**IV. Working Groups**

**Guidance/Reporting Working Group**  
( Report attached to June 25, 2009, minutes.)

At the request of Treasurer Chellis, Mr. Frank Fusco presented the Working Group's report.

**I. The following decisions have been reached by the Guidance/Reporting Working Group with respect to Section 1512 reporting.**

**ITEM A: Prime Recipients shall directly submit Section 1512 Reports to the Federal Government and to this Task Force.**

- State agencies as the prime recipients will be responsible for the full accountability of this money.
- The prime recipients would be the ones to submit reports to the Feds and they would also submit these reports to the Task Force website to be established.

**Comptroller Eckstrom asked:**

- Who will handle monitoring of reporting?

**Mr. Fusco responded that ultimately, the reporting responsibility lies with the agencies as the prime recipients, but the Work Group and State do have some responsibility centrally to oversee the overall quality of the information reported. Some of the Comptroller's and Treasurer's records may be used as a checkpoint to see how closely these agency reports compare to information in the State's central accounting system.**

- The information that is submitted to the Federal website is also submitted to the Task Force website.
- The ARRA is clear that the State is never relieved of some responsibility.
- The prime recipient is responsible for reporting, but the State has some level of responsibility for quality of the reporting.

**Scott Houston commented that we have talked about receiving a spreadsheet when the agency submits its report to the Federal reporting web site and suggests our guidelines provide for that.**

**Mr. Fusco discussed the following points:**

- How do we ensure the integrity and accuracy of what we are receiving? It is going two places.
- Do we try to reconcile each report?
- Once prime recipients submit to the Federal site, there is a 10 day time period when they can make corrections. There is also an additional time period for the Federal agencies to review and make corrections.
- How do we monitor that centrally?
- At what point are we going to try and capture that data and if they are making corrections does the prime recipient submit those corrections to the State site as well?
- Should this be after the agency 10 day review period or after the 10 day federal review period or should this be a re-submission?

- These are some considerations that we need to address and resolve, including the details.
- We need to ensure that the exact information that goes to the Feds comes to the state.

The Federal government has two web sites. They have [federalreporting.gov](http://federalreporting.gov) where agencies will upload their data. All corrections will be made in this web site. When the data is final, it is published on [recovery.gov](http://recovery.gov). Do we as a state have two sites? At what point do we make the information public? Do we make the information public during the corrections period or once it moves to [Recovery.gov](http://Recovery.gov)?

The Comptroller asked: Does the ARRA refer to published information? It makes no sense to rush to publish if there is a possibility we would have to pull the numbers back due to corrections by agency or due to Federal review.

Treasurer Chellis commented: If we don't know when the agencies are receiving ARRA funds money, how can we control or monitor reporting?

Frank Fusco responded that the State has a separate accounting code or codes for ARRA funds so that it will know what funds are received. Mr. Fusco further explained that the Working Group is preparing a survey for agencies that will tell us who the prime recipients are, their Federal funding sources, and how much they are going to draw down in ARRA funds.

**ITEM B:** The Task Force shall strongly discourage delegation of reporting duties from Prime Recipients to Sub-Recipients.

The Task Force needs to keep the Prime Recipient at the agency level. Although OMB and ARRA will allow the option of delegating responsibility to a Sub-recipient to report its own information directly to the Federal website, the Task Force strongly discourages State Agencies from delegating federal reporting responsibilities to a Sub-recipient.

A State agency may seek permission from the Task Force to delegate federal reporting duties to Sub-recipients by justifying with exceptional circumstances, although such delegation does not relieve the State Agency of its responsibility for ensuring that Sub-recipients information so reported is timely, accurate and complete.

**ITEM C:** A State ARRA Transparency and Accountability Website shall be established and maintained.

- The Task Force will maintain on a current basis a State website for transparency and accountability regarding the quarterly reporting of expenditure of ARRA funds and to monitor the accuracy of data submissions by State Agencies to the extent possible.
- The Website Working Group will be responsible for creating and maintaining the State website.
- The Audit Working Group will be responsible for establishing a process to perform data quality review for material omissions and significant reporting errors and for implementing internal control measures to ensure accurate and complete information.

Mr. Fusco asked if agencies are aware that the .5% of the grant award is available for oversight costs and should the Task Force request that they set aside ARRA funds for that purpose.

**ITEM D: Section 1512 Reports shall be Submitted Utilizing Spreadsheets.**

State Agencies that are Prime Recipients shall upload report data into [www.FederalReporting.gov](http://www.FederalReporting.gov) utilizing a Microsoft Excel spreadsheet that will be provided to them by the Federal authorities.

**II. Survey of State Agencies**

On July 17, 2009 a survey regarding ARRA was distributed to Task Force participants for review. The survey is now in final form and will be sent to all State agencies over the next two weeks.

**III. Issuance of Authoritative Guidance by Task Force**

The Guidance and Reporting Working Group recommends that the Task Force issue authoritative guidance to all State Agencies regarding what is required by the Task Force with on reporting to both the Federal government and the Task Force concerning ARRA. This document would attach and incorporate the OMB guidance documents. Each Working Group should be responsible for developing its portion of this guidance for the August Task Force meeting.

**Accounting Working Group**

Jennifer Muir of the Comptroller's Office presented the following report:

- The Accounting Working Group has not met formally since the last Task Force meeting. However, its members have been actively meeting with the other Working Groups on various matters.
- The Comptroller's has been actively monitoring the activity in the Stimulus sub fund accounts.
- The Central Statewide Accounting Division of the Comptroller's Office has issued specific guidance on how to set up sub funds that are specific to the Stimulus funds.
- The Working Group conducted a survey for all agencies asking them to submit what they estimate they would receive in ARRA funds and inquiring about any funds expended in FY 2009 that could be used as pre-award costs for ARRA Stabilization grants.

Comptroller Eckstrom explained that his office is engaged in the accounting function through processing ARRA funds on a daily basis and the flow of those funds is reviewed several times each week.

### **Audit/Verification Working Group**

(See attachment to June 25, 2009, minutes.)

At the request of Treasurer Chellis, State Auditor Rich Gilbert reported that:

- Last meeting of the Audit/Verification Working Group was July 28, 2009.
- The Working Group Discussed the Questionnaire on Internal Controls Over Compliance and decided this should be reviewed later.
- The State Auditor's Office 2008 single audit was currently being reviewed by a team of federal auditors, and the Working Group wanted to incorporate any recommendations into the Questionnaire after receipt and review of those recommendations.
- Did not want multiple internal control questionnaires distributed to agencies.

### **Suggested questions for the proposed questionnaire are as follows:**

(Questionnaire is used by Auditor's Staff to identify program compliance requirements and help staff members to understand program requirements.)

1. Has the recipient properly identified all ARRA awards on the Schedule of Expenditure of Federal Awards?
2. Has the recipient identified new compliance requirements for administering the ARRA funds?
3. Has the recipient developed and implemented controls to ensure compliance with new requirements?
4. Has the recipient implemented procedures to ensure that awards to sub recipients have been identified as ARRA funded awards?
5. Has the recipient notified the sub recipient of new compliance requirements?
6. Has the recipient established and implemented procedures to ensure compliance with ARRA reporting requirements?

The US GAO has visited 16 states and the District of Columbia to find out how they are handling the Stimulus money. They will start contacting the other 34 states soon. The Comptroller's Office, the Treasurer's Office and the Budget Division should be contacted.

### **Website Working Group**

Scott Houston of the Comptroller General's Office reported as follows for the Working Group.

The Working group has not met formally since the last Task Force Meeting. However, its members have been involved with the activities of the Reporting Working Group and the Accounting Working Group.

Two weeks ago, the Working Group had a presentation by SAP on the Business Object Stimulus Reporting Tool. The Business Objects tool is free as State is implementing SAP. The software was downloaded this week. We will get this installed and take a look to see what it will do for us. The purchase of additional software and tools will be necessary to set up and operate the State website.

We have also participated in some of the Recipient Reporting Webinars on technology. We did get a question as to when we would be able to download from these websites. In following-up with questions after the webinars with Federal authorities, he was told the State could download individual prime recipient reports once they have been submitted and published, but they are not sure if we can download the reports at one time.

Considerations in building a State website are as follows:

Feds are going to have two web sites. A reporting website where you are able to make corrections (a working website) and a published website. Do we, as a state, want to have a similar process? How do we intend to handle uploads, corrections and changes to the content if it is a working website?

Also, what would our reconciliation mechanism be? Are we going to try to reconcile what we have on our website to what the Federal authorities have on their website?

We need to get started and intend to do so very quickly. We will have a website Working Group meeting before the next Task Force meeting..

Treasurer Chellis asked several questions about monitoring the agency reports to the Federal websites.

Scott Houston will determine if the Federal authorities will allow testing of the Federal reporting website by prime recipients prior to the October 1 date by which it is scheduled to be operational.

#### Update on Administrative Cost Recovery

Mr. Les Boles of the State Budget Office reported as follows:

The Federal authority has released some frequently asked questions, and he will get those out to the Task Force members. No official guidelines have been issued on cost recovery. The allowed cost recovery will need to identify costs incurred for reporting and oversight, not those for normal administrative grant functions. The Budget Office will assist and coordinate the effort on cost recovery for the State. The ceiling on cost recovery for ARRA functions is .5% of the grant award.

#### Questions to be Addressed on Cost Recovery:

How do we handle the .5%? Should agencies be asked if they are setting aside .5 %?  
Do agencies get to keep money or does it go back to Statewide cost allocation?  
Are Federal Grants allowing agencies to use .5% grant by grant?  
Does ARRA permit recipients to use that .5%?

Do specific grants have some additional costs involved?  
Can the state use some portion the.5%?  
May the State take some portion across the board in proportion to its costs?  
Does the agency take the .5% for some or all of its costs?

Frank Fusco will confer with Les Boles and the Working Groups when we get the Reporting Work Group survey back and put together a projected budget of estimated costs for State ARRA oversight functions for use in the cost recovery process.

V. Stimulus Funds Received by State Agencies  
(See attachment to minutes of June 25, 2009, meeting.)

VI. Other Business

Teresa Florence of the City of Columbia Stimulus Task Force was in attendance and asked if a local government was a prime recipient? She expressed some concerns about the process for local governments.

Comptroller Eckstrom responded that if the ARRA monies are sent directly to the local government by the Federal agency, the local government is the prime recipient. If the money is sent to a state agency first, the state agency is the prime recipient and the local government is a sub-recipient. In that example, expenditures are recorded when sub-recipient spends the money He suggested that some of these questions should be addressed in the grant documents that the local government is given.

Stimulus Task Force Meetings will be scheduled the fourth Thursday of each month starting at 10 am.

VII. Adjournment

The meeting was adjourned by unanimous consent.